

NATIONAL TOBACCO ADMINISTRATION CORPORATE OPERATING BUDGET FY 2018

EXECUTIVE SUMMARY

MANDATE AND OBJECTIVES

The NTA is the sole government Agency vested with the power to administer and regulate the local tobacco industry. **Executive Order No. 245**, series of 1987, mandates the Agency to:

1. Improve the living conditions and raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and,
2. Promote the balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization.

POWERS

To effectively and efficiently carry out its mandate, the Agency was vested with the specific powers to, among others:

1. Promulgate and enforce rules and regulations on the production, standardization, classification, grading and trading of tobacco and tobacco products as may be necessary to attain its purposes and objectives and pursue the policy of government on tobacco; and,
2. Conduct agricultural and industrial research and establish, operate and maintain experimental stations.

ADDITIONAL MANDATE: In addition, Section 33 of Republic Act No. 9211, entitled, Tobacco Regulation Act of 2003, mandates the NTA to implement the following programs and projects:

1. **Tobacco Growers Assistance Program** to support financially the NTA registered tobacco farmers who may be displaced due to the implementation of the said RA or has voluntarily ceased planting tobacco;
2. **Promote Tobacco Growers Cooperatives Program** to assist tobacco farmers in developing alternative farming systems, plant alternative crops and other livelihood projects;
3. **National Tobacco Free Public Education Program** to provide scholarship for dependents of tobacco farmers in collaboration with state colleges and universities;
4. **Research and Development Program** to undertake studies concerning technologies and methods to reduce the risk of dependence on or injury from tobacco product usage and exposure and Development of Alternative Uses of tobacco and similar research programs.

VISION

Within the medium-term, NTA envisions:

"An improved quality of life of the tobacco farmers and other stakeholders through increased productivity and other income-generating activities."

MISSION

For the effective actualization of the vision, NTA is committed to:

Enhance capabilities, build synergistic relationship among sectors, and mobilize resources for the development of the tobacco industry, in accordance with national laws, policies and commitments, for the benefit of the tobacco farmers and other industry stakeholders.

NTA CORPORATE PRIORITIES

In aggressive pursuance of its mandates and thrusts, the NTA accords top priority to the following programs/projects/activities for CY 2018:

1. **Market-Driven Quality Tobacco Production**, addressing the growing demand for domestic manufacturing and export markets, primarily through the
 - **Tobacco Contract Growing System (TCGS)** that will include the provision of production assistance and subsidy on fertilizers/pesticides to tobacco farmer cooperators;
 - technology development activities and services;
 - search for outstanding tobacco farmers or Tobacco Grower of the Year;
 - **Integrated Farming and Other Income Generating Activities (IFOIGAP)**, where NTA provides assistance to tobacco farmers in the production of rice, corn and high value crops, hog and poultry raising. The project includes value-adding/processing, where it operates the **Agri-Pinoy Tobacco Farmers Food Processing and Trading Center (ATFFPTC)** in Ilocos Region, which buys farmers' produce; processes them into top selling bagnet, Vigan longaniza, bacon, etc.; and, sells to Bagsakan Centers, government offices and hospitals in Region 1 and Metro Manila;
 - **Curing Barn Assistance Project (CBAP)**, or the provision of construction and repair of curing barns and curing shed for the tobacco farmers of Regions 1, 2 and CAR.
 - **Beef Cattle Production Assistance Project (BCPAP)** intended to augment the income of our tobacco farmers, through the provision of a 20-month old ready to breed Brahman Heifers including production technology package, technology training and animal health services.
2. **Continuing Exercise of Regulatory Authority under existing laws.** At present, NTA has covers production and trading of leaf and the importation and exportation of tobacco leaf and tobacco products. The NTA intends that in the future, it will also cover the processing of leaf and the manufacture, distribution and sale (wholesaling and retailing) of cigarettes, with emphasis on the compliance to standards, detection of fake products and shelf life; regulation also includes the dissemination to trading centers/tobacco buyers of the harmonized grading system of tobacco;
3. **Renewable Energy Farm Project and Restoration of Ecological Integrity** of Tobacco Growing Regions will address the fuelwood requirement of the farmers in the flue-curing for Virginia tobacco, as well as assist in the reforestation efforts of the tobacco growing regions;
4. **Quality Assurance for Tobacco Leaf and Manufactured Products**, will concentrate in the provision of services that ensure the quality of land, water, fertilizer and leaf tobacco, including the continuing study and monitoring of physical and chemical quality of cigarettes, as an input to continuing technology

- adjustments, standards formulation and effective regulation enforcement and compliance;
5. **Farmers' Organizational Development**, to include continuing registration of farmers, strengthening farm clusters, organizational development and livelihood assistance, to enable the farmers to become self-reliant, food secured and become active partners of development;
 6. **Continuing Research and Development, and implementation of pioneering ventures** (the other industrial uses of tobacco), to include among others, the enhancement of technologies and profitability of the production of tobacco dust, tobacco handmade paper and tobacco extracts as pesticide for vegetables, fruits and ornamentals.

The STRATEGIC DEVELOPMENT PROGRAMS which implementation will be accelerated in pursuance of the overall thrusts of the national government include:

- I. Operations
 - A. Agricultural Research and Devt., Industrial Research and Quality Assurance
 - B. Technology Assistance and Production Support Services
 - C. Farmers' Organizational Development
 - D. Regulatory Services
- II. Support to Operations
 - A. Planning and Management Services
 - B. Information Technology Mgmnt. And Computer Services
 - D. Communication Support, Education and Information Campaign
 - E. Market Research and Trade Promotion
- III. General Administration and Support Services
 - A. Human Resource Development
 - B. General Service Improvement
 - C. Internal Audit Services

RELATIONSHIP TO NATIONAL DEVELOPMENT PLAN, POLICIES AND PRONOUNCEMENTS

The above programs, projects and activities have been realigned and implemented pursuant to the socio-economic agenda of the President, to **"Promote rural and value chain development toward increasing agricultural and rural enterprise productivity and rural tourism"**, as well as the **Millennium Development Goals (MDGs)**, particularly:

1. Poverty alleviation;
2. Self-sufficiency in food staples and other agricultural commodities;
3. Restoring ecological integrity/environmental sustainability;
4. Recognizing farms and rural enterprises as vital to achieving food security and more equitable economic growth; and
5. Creation of well-considered programs that build capacity and create opportunity among the poor and the marginalized of the country.

It may be noted that the local tobacco industry:

1. Provides Income and sustenance to 2.8 million people, including the more than 800,000 tobacco farmers and the members of their families; and,
2. Generates revenue amounting to an average of more than Php70 billion, in the recent years due to R.A. 10351 (Sin Tax Reform Law), which, to a large measure, helps the Government fund its delivery of services, economic, infrastructure, education, health and social welfare programs.

TOTAL BUDGETARY REQUIREMENT FOR CY 2018

For the effective implementation of its programs and projects for the year, the NTA will need a Total Agency Budget of **Php1,103.491 million**, which will be used for Personal Services (**Php252.092 million**), Maintenance and Other Operating Expenses (**Php261.472 million**), Accounts Payable (**Php54.452 million**), Capital Outlay (**Php181.272 million**) and Investment Outlay (**Php354.203 million**).

The details of Sources and Uses of Funds by Expense Class and other supporting documents are presented in the ensuing pages.

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